

THATCHER

HOME OF EASTERN ARIZONA COLLEGE

TOWN COUNCIL, TOWN OF THATCHER

PO BOX 670 - 3700 W. MAIN STREET - (928)428-2290 - FAX (928)428-7061 - TDD (800)367-8938

TOWN COUNCIL

Robert Rivera, Mayor
Douglas Hoopes, Vice Mayor
David Matthews
Donald Innes

William Mulleneaux
Charles Morris
Kenneth Larson

Terry Hinton, Town Manager/Clerk

February 12, 2004

Ms. Jean Gray
Assistant Regional Manager for Power Marketing
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix AZ 85005-6457

Re: Proposed Section 12 (Transfer of Interest in Contract) to Draft Amendment No. 1
(Prototype Rev.2, 1/16/04) to Parker-Davis Project Firm Electric Service Contracts

Dear Jean:

The Town of Thatcher ("Thatcher") is in receipt of the letters dated January 30, 2004 and February 9, 2004 from Arizona Electric Power Cooperative ("AEPCO") and Colorado River Commission of Nevada ("CRC"), respectively, which discuss the most recent proposed changes to the Draft Amendment No. 1 to the Parker-Davis Project Firm Electric Service Contracts. In regards to the "Transfer of Interest in Contract" ("TOIC") language discussed in both of these letters, Thatcher wishes to express its support of and concurrence with the recommendation advanced by both AEPCO and CRC; that is, that Western Area Power Administration ("Western") adopt the so-called "consensus" language for this provision:

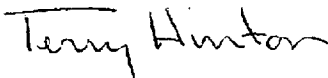
"In addition to the provisions of Section 37 of the General Power Contract Provisions and notwithstanding any other provision of the contract to the contrary, Western's Administrator reserves the right to reexamine and adjust Western's firm electric service obligations under this contract as the Administrator deems reasonably appropriate, if, where applicable, the Contractor's contractual obligation to supply electricity to a preference entity or preference entities after execution of this contract amendment is materially

diminished as a result of a change in the Contractor's status by reason of: (1) the Contractor's merger with another organization, (2) its acquisition of or being acquired by another organization, (3) its creating a new organizational entity from an existing one (4) joining or withdrawing from or contractually restructuring its membership in a membership-based supply entity (such as a generation and transmission cooperative), terminating its contractual relationship with one or more members from its membership organization resulting in a significant reduction in remaining load measured against the criteria used by the Administrator in approving the Contractor's allocation."

Thatcher also supports the proposal made by both AEPCO and CRC that in the event that this "consensus" language is unacceptable to Western, then the TOIC language used in Amendment 5 to the CRSP contracts should be used, for the reasons they discuss.

Thatcher understands that this letter will be made available to other interested parties as a result of being posted on Western's website. Thank you for the opportunity to submit these comments.

Sincerely,



Terry Hinton
Town Manager

Cc: Tyler Carlson
Tony Montoya
Dennis Delaney

TOWN OF THATCHER

PO BOX 670- 3700 W. MAIN STREET - (928)428-2290 - FAX(928)428-7061 - TDD (800)367-8938